



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

June 5, 2002

**S. 1713
Rural Service Improvement Act of 2002**

*As ordered reported by the Senate Committee on Governmental Affairs
on May 22, 2002*

CBO estimates that enacting S. 1713 would increase direct spending by less than \$500,000 in each of fiscal years 2002 and 2003 and could result in savings in subsequent years. Because the bill would affect outlays of the U.S. Postal Service, which are categorized as off-budget, S. 1713 would not be subject to pay-as-you-go procedures. The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments.

The Postal Service currently spends about \$150 million a year to hire private air carriers to deliver mail in Alaska. Over a three-year phase-in period, S. 1713 would require these carriers to provide certain levels of passenger service or non-mail freight service in order to remain eligible to deliver mail for the Postal Service.

Implementing S. 1713 would increase administrative costs to the Postal Service to determine whether air carriers comply with the bill's provisions. Based on information from that agency, CBO estimates that the increased costs would be no more than \$500,000 for each of fiscal years 2002 and 2003. To the extent that the bill results in larger, more efficient carriers in Alaska, costs for the Postal Service to deliver mail in that state would eventually decline. However, CBO has no basis for estimating any potential savings.

The CBO staff contact for this estimate is Mark Grabowicz. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.